COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR APPROVAL OF TRANSFER OF ASSETS AND A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FROM TARGET TELECOM, INC. TO TTI NATIONAL, INC.	) CASE NO. 96-203

O R D E R

On May 13, 1996, Target Telecom, Inc. ("Target"), TTI National, Inc. ("TTI"), and WorldCom, Inc. d/b/a LDDS WorldCom ("WorldCom") filed a joint application requesting approval, pursuant to KRS 278.020, of the transfer of assets from Target to TTI and a transfer of Target's Certificate of Public Convenience and Necessity to TTI.

Target is a privately held New Jersey corporation authorized to operate as a reseller of interexchange telecommunications services in Kentucky and 39 other states. TTI is a Delaware corporation, wholly-owned by WorldCom, and formed specifically for the purpose of facilitating the transfer of Target's assets to WorldCom. WorldCom, a publicly held Georgia corporation, is a non-dominant telecommunications carrier that provides domestic and international voice and data communications services and operates as a facilities-based and non-facilities-based interexchange carrier directly and through subsidiaries in Kentucky and 47 other states.

Target and WorldCom entered into an Asset Purchase Agreement ("Agreement") on March 7, 1996. The Agreement provides that WorldCom will acquire from Target selected assets including: 1) customer accounts including all subscription agreements;

2) all lists relating to the assets for the business including lists of existing, potential, or prior customers or vendors; 3) accounts receivable; and 4) all books, records, files, promotional materials, and other documents relating to the business. TTI has agreed to adopt the tariffs currently in effect for Target and the transfer should not result in any adverse affect on the telecommunications services provided in Kentucky. All existing customers of Target will be notified in a timely fashion of the transfer to TTI which will provide the same services under the same rates, terms, and conditions as currently provided by Target.

WorldCom is the fourth largest interexchange telecommunications carrier in the United States and it currently provides telecommunications services over its own nationwide fiber optic transmission network. In 1995, WorldCom reported annual revenue of $3.64 billion and net income in excess of $234 million. As a subsidiary of WorldCom, TTI will have access to the technical, managerial, and financial resources necessary to provide high quality telecommunications service in Kentucky.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that TTI, as a subsidiary of WorldCom, has the financial, managerial, and technical abilities to provide reasonable service and the proposed transfer is in accordance with law, for a proper purpose, and is consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of assets from Target to TTI is approved.

2. TTI is granted a Certificate of Public Convenience and Necessity to provide telecommunications services in Kentucky as of the date of transfer.

3. Target shall cease to provide telecommunications in Kentucky as of the date of the transfer and the Certificate of Public Convenience and Necessity previously issued to Target shall be canceled as of that date.

4. Within 10 days after completion of the transfer, Target, TTI, and WorldCom shall jointly file a notice with the Commission setting forth the date on which the transfer was completed and the date upon which customers were notified of the transfer along with a copy of such notice.

5. Within 10 days of the date of transfer, TTI shall file with the Commission an adoption notice, and shall within 10 days thereafter file new tariffs in its own name, pursuant to 807 KAR 5:011, Section 11.

Done at Frankfort, Kentucky, this 11th day of July, 1996.

PUBLIC SERVICE COMMISSION

Linda K Breathitt
Chairman

Vice Chairman

Robert M. Davis
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-197 DATED JULY 11, 1996.

Conditions of Service for the Provision of Operator Services Adopted from Commission Orders in Administrative Case No. 330, Orders Dated March 27, 1991 and May 3, 1991.

(1) Operator-assisted services shall be subject to rate regulation and rates shall not exceed the maximum approved rates of AT&T Communications of the South Central States, Inc. ("AT&T") for interLATA services and the local exchange carrier ("LEC") for intraLATA services. "Maximum approved rates" are defined to mean the rates approved by this Commission in AT&T's and the LEC's most recent rate proceeding for measured toll service applicable to operator-assisted calls, as well as the additional charges for operator assistance. Carriers are not permitted to include any other surcharges or to bill for uncompleted calls. Time-of-day discounts shall also be applicable. Carriers are also required to rate calls using the same basis that AT&T and the LEC uses to rate calls, i.e., distance calculations based on points-of-call origination and termination, definitions of chargeable times, billing unit increments, rounding of fractional units, and minimum usages. When there is any change in the maximum approved rates, carriers shall file tariffs if necessary to comply with the requirements herein within 30 days of the effective date of the rate change.

(2) Except as otherwise indicated in this Order, non-dominant carriers shall be subject to regulation as delineated in the May 25, 1984 Order in Administrative Case No. 273 as well as any subsequent modifications to non-dominant carrier regulations. In the

event of conflict, the terms of the instant Order shall take precedence, unless a carrier is specifically relieved from compliance with any conditions contained herein.

(3) Operator service providers that provide service to traffic aggregators shall not allow access to the operator services of competing carriers to be blocked or intercepted. Blocking and interception prohibitions shall be included in tariffs and all contracts entered into with any traffic aggregator and shall state that violators will be subject to immediate termination of service after 20 days' notice to the owners of non-complying customer premises equipment.

(4) Traffic aggregator is defined to mean any person that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises for intrastate telephone calls using a provider of operator services. Aggregators include hotels and motels, hospitals, universities, airports, gas stations, and non-local exchange carrier pay telephone owners. This definition includes the provision of all non-local exchange carrier pay telephones even if no compensation is paid to the owner of the pay telephone. The residential use of operator services is specifically excluded from this definition.

(5) Access to the local exchange carriers' operators shall not be blocked or otherwise intercepted by traffic aggregators. Specifically, all "0-" calls, that is, when an end-user dials zero without any following digits, shall be directed to the local exchange carrier operators. In equal access areas, "0+" intraLATA calls, that is, when an end-user dials zero and then dials the digits of the called telephone number, shall not be intercepted or blocked. In non-equal access areas, it is prohibited to block or intercept "0-" calls; however, it is permissible to intercept "0+" calls. Blocking and interception prohibitions shall

be included in tariffs and all contracts entered into with any traffic aggregator and shall state that violators will be subject to immediate termination of service after 20 days' notice to the owners of non-complying customer premises equipment.

(6) Carriers shall not be required to provide access codes of competitors. Each carrier should advise its own customers as to the appropriate 10XXX access code.

(7) Carriers shall provide tent cards and stickers to traffic aggregators to be placed near or on telephone equipment used to access their services and shall include provisions in tariffs and contracts entered into with any traffic aggregator that subject violators to immediate termination of service after 20 days' notice to the owners of non-complying customer premises equipment.

(8) Operators shall identify the carrier at least once during every call before any charges are incurred.

(9) Operators shall provide an indication of the carrier's rates to any caller upon request.

(10) Carriers shall not accept calling cards for billing purposes if they are unable to validate the card.

Jefferson County, Kentucky. The coordinates for the proposed cell site are North Latitude 38° 15' 31" by West Longitude 85° 36' 7".

2. GTE Mobilnet shall immediately notify the Commission in writing, if, after the antenna tower is built and utility service is commenced, the tower is not used for a period of 3 months in the manner authorized by this Order.

Done at Frankfort, Kentucky, this 10th day of July, 1996.

PUBLIC SERVICE COMMISSION

Linda K Breathitt
Chairman

Vice Chairman

Robert M. Davis
Commissioner

ATTEST:

Don Mills
Executive Director